

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA**

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2014 AND 2013

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
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**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
BOARD OF DIRECTORS AND MANAGEMENT
JUNE 30, 2014**

BOARD OF DIRECTORS

Name

Title

Sharon Soorholtz Greer
Patrick Henry
Michael Croker
Denny Grabenbauer

Chairperson
Board Member
Board Member
Board Member

MANAGEMENT

Name

Title

Jack E. Stowe

Executive Director

Independent Auditors' Report

Board of Directors
Substance Abuse Treatment Unit
of Central Iowa
Marshalltown, Iowa

Report on the Financial Statements

We have audited the accompanying financial statements of Substance Abuse Treatment Unit of Central Iowa (the Agency), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Agency as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedule is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2014, on our consideration of the Agency's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 13, 2014

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT ASSETS		
Cash on Hand and in Bank	\$ 258,283	\$ 399,273
Certificates of Deposit, Short-term	223,182	304,712
Accounts Receivable	150,935	119,265
Prepaid Expenses	27,700	28,206
Deposits	<u>1,050</u>	<u>1,050</u>
Total Current Assets	661,150	852,506
CERTIFICATES OF DEPOSIT, Long-term	205,934	122,289
PROPERTY AND EQUIPMENT		
Land and Improvements	35,000	35,000
Building and Improvements	600,449	600,449
Furniture and Equipment	<u>284,667</u>	<u>207,331</u>
Total	920,116	842,780
Less Accumulated Depreciation	<u>(577,497)</u>	<u>(541,221)</u>
Net Property and Equipment	342,619	301,559
Total Assets	<u><u>\$ 1,209,703</u></u>	<u><u>\$ 1,276,354</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 31,960	\$ 4,508
Accrued Payroll	30,288	31,844
Accrued Compensated Absences	<u>16,320</u>	<u>10,015</u>
Total Current Liabilities	78,568	46,367
NET ASSETS		
Unrestricted	1,129,040	1,227,065
Temporarily Restricted - Purpose Restricted	<u>2,095</u>	<u>2,922</u>
Total Net Assets	1,131,135	1,229,987
Total Liabilities and Net Assets	<u><u>\$ 1,209,703</u></u>	<u><u>\$ 1,276,354</u></u>

See accompanying Notes to Financial Statements.

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2014 AND 2013**

	2014			2013		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
PUBLIC SUPPORT AND REVENUE						
Iowa Department of Public Health:						
Prevention Programs	\$ 188,589	\$ -	\$ 188,589	\$ 202,284	\$ -	\$ 202,284
Medicaid	114,598	-	114,598	97,840	-	97,840
Non-medicaid	545,643	-	545,643	510,463	-	510,463
Client Fees	104,389	-	104,389	110,353	-	110,353
Third Party Pay	185,321	-	185,321	180,044	-	180,044
Contract Fees	200,347	-	200,347	199,724	-	199,724
Interest Income	3,781	-	3,781	5,719	-	5,719
Donations	-	-	-	500	-	500
Other Revenue	7,687	-	7,687	3,051	-	3,051
Net Assets Released from Restrictions	827	(827)	-	-	-	-
Total Public Support and Revenue	<u>1,351,182</u>	<u>(827)</u>	<u>1,350,355</u>	<u>1,309,978</u>	<u>-</u>	<u>1,309,978</u>
EXPENSES						
Program Services	1,227,496	-	1,227,496	1,121,858	-	1,121,858
Supporting Activities:						
Management and General	221,710	-	221,710	188,083	-	188,083
Total Expenses	<u>1,449,207</u>	<u>-</u>	<u>1,449,207</u>	<u>1,309,941</u>	<u>-</u>	<u>1,309,941</u>
CHANGE IN NET ASSETS	(98,025)	(827)	(98,852)	37	-	37
Net Assets - Beginning	<u>1,227,065</u>	<u>2,922</u>	<u>1,229,987</u>	<u>1,227,028</u>	<u>2,922</u>	<u>1,229,950</u>
NET ASSETS - ENDING	<u>\$ 1,129,040</u>	<u>\$ 2,095</u>	<u>\$ 1,131,135</u>	<u>\$ 1,227,065</u>	<u>\$ 2,922</u>	<u>\$ 1,229,987</u>

See accompanying Notes to Financial Statements.

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2014 AND 2013**

	2014			2013		
	Program Services	Supporting Activities, Management and General	Total Expenses	Program Services	Supporting Activities, Management and General	Total Expenses
Salaries and Wages	\$ 664,043	\$ 96,229	\$ 760,272	\$ 667,997	\$ 101,736	\$ 769,733
Payroll Taxes	50,213	7,099	57,312	52,768	8,015	60,783
Health Insurance	106,740	12,436	119,176	117,799	19,521	137,320
Total Salaries and Related Expenses	820,996	115,764	936,760	838,564	129,272	967,836
Supplies	85,504	9,439	94,943	67,212	7,436	74,648
Communications	19,158	1,529	20,687	46,522	8,830	55,352
Rent	22,698	-	22,698	21,710	-	21,710
Space Costs	28,535	4,667	33,202	26,925	5,922	32,847
Travel	10,324	1,696	12,019	10,268	1,155	11,423
Professional Fees	375	10,725	11,100	5,350	5,350	10,700
Internet Technology Labor	108,083	18,188	126,271	-	-	-
Insurance	11,453	4,851	16,304	12,319	3,639	15,958
Employment Advertising and Promotion	7,997	1,569	9,566	10,335	20	10,355
Contracted Services	78,037	39,050	117,087	61,538	425	61,963
Dues and Subscriptions	175	5,417	5,592	175	11,044	11,219
Registrations and Training	4,333	30	4,363	4,439	-	4,439
Miscellaneous Expense	-	2,339	2,339	1,511	-	1,511
Total Expenses before Depreciation	1,197,667	215,264	1,412,931	1,106,868	173,093	1,279,961
Depreciation	29,829	6,447	36,276	14,990	14,990	29,980
Total Expenses	<u>\$ 1,227,496</u>	<u>\$ 221,710</u>	<u>\$ 1,449,207</u>	<u>\$ 1,121,858</u>	<u>\$ 188,083</u>	<u>\$ 1,309,941</u>

See accompanying Notes to Financial Statements.

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2014 AND 2013**

	<u>2014</u>	<u>2013</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (98,852)	\$ 37
Adjustments to Reconcile Change in Net Assets to Net Cash		
Used in Operating Activities:		
Depreciation	36,276	29,980
Noncash Interest Income	(2,115)	(4,383)
Effects of Changes in Operating Assets and Liabilities:		
Accounts Receivable	(31,670)	(43,587)
Prepaid Expenses	506	2,535
Accounts Payable	23,658	(9,606)
Accrued Payroll	(1,558)	1,103
Accrued Compensated Absences	6,305	(266)
Net Cash Used in Operating Activities	<u>(67,450)</u>	<u>(24,187)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Equipment	<u>(73,540)</u>	<u>(94,307)</u>
NET DECREASE IN CASH	(140,990)	(118,494)
Cash - Beginning of Year	<u>399,273</u>	<u>517,767</u>
CASH - END OF YEAR	<u><u>\$ 258,283</u></u>	<u><u>\$ 399,273</u></u>
SUPPLEMENTAL INFORMATION		
Non-cash Interest Earnings Reinvested	<u><u>\$ 2,115</u></u>	<u><u>\$ 4,383</u></u>

See accompanying Notes to Financial Statements.

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organizational Purpose

The Substance Abuse Treatment Unit of Central Iowa (the Agency) was created in 1976 as a perpetual, non-profit corporation under the provisions of the Iowa Nonprofit Corporation Act, Chapter 504A of the 1975 Code of Iowa. The mission of the Agency is to provide substance related disorder treatment and prevention services to residents of Marshall, Tama, Poweshiek, and Hardin counties. The Agency is licensed by the Iowa Department of Public Health and maintains offices in Eldora, Marshalltown, Grinnell and Toledo, respectively. The Agency's fiscal year ends on June 30. Significant accounting policies followed by the Agency are presented below.

Use of Estimates in Preparing Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

Revenue from client services is recognized, at estimated net collectable amounts, in the period the services are performed. A substantial portion of such revenue will not be collectable and the adjustment between standardized and collectable rates is treated as an adjustment to net fee revenue.

Revenue from grants and contracts is recognized as the services are performed if the contract is based on units of service or as costs are incurred if the contract is a cost reimbursement arrangement.

The carrying amount of accounts receivable is reduced to reflect management's best estimate of amounts that will ultimately be collected. Revenue is reduced for accounts or portions thereof deemed to be uncollectible.

Net Assets

Assets are classified based on the existence or absence of donor-imposed restrictions. The following is a description of each class:

Unrestricted Net Assets - Includes all net assets which are neither temporarily or permanently restricted.

Temporarily Restricted Net Assets - Includes contributed net assets for which donor imposed time and purpose restrictions have not been met and the ultimate purpose of the contribution is not permanently restricted.

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Agency's building and improvements are being depreciated on the straight-line method over its estimated useful life ranging from ten to thirty years. The Agency follows the practice of capitalizing at cost, or at fair market value if donated, all expenditures for property and equipment in excess of \$1,000 and a useful life greater than one year. Land improvements are being depreciated on the straight-line method over an estimated useful life of fifteen years. Depreciation on the Agency's furniture and equipment is computed over the estimated useful lives of the assets ranging from three to ten years, by the straight-line method of depreciation.

Impairment of Long-Lived Assets

The Agency reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of carrying amount or the fair value less costs to sell.

Compensated Absences

Agency employees accumulate vacation and sick leave hours for subsequent use or, in the case of vacation leave, for payment upon retirement, death or termination. The Agency has accrued a liability for compensated absences from accrued vacation at June 30, 2014 and 2013, based on rates of pay on those dates.

Advertising

The Agency expenses advertising costs as incurred.

Functional Expenses

The costs of providing various programs and supporting activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting activities benefited.

Income Taxes

The Agency is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and a similar section of the Iowa income tax law, which provides tax exemption for corporations organized and operated exclusively for religious, charitable, or educational purposes. The Internal Revenue Service has not determined that the Agency is a private foundation.

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Agency files information returns in the U.S. federal jurisdiction. The Agency follows the accounting standards to evaluate uncertain tax positions and has determined that it was not required to record a liability related to uncertain tax positions at June 30, 2014 and 2013. The federal information returns of the Agency for the year ended June 30, 2011, and thereafter, are subject to examination by the IRS, generally for three years after they were filed.

NOTE 2 FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2014 and 2013.

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)

Brokered Certificate of Deposit

Brokered certificates of deposit are generally valued at the most recent price of the equivalent quoted yield for such securities, or those of comparable maturity, quality and type.

The Agency's brokered certificate of deposit is valued using Level 2 inputs as of June 30, 2014 and 2013. The fair value of the brokered certificate of deposit as of June 30, 2014 and 2013 is \$0 and \$99,603, respectively.

NOTE 3 RETIREMENT PLAN

The Agency maintains a Tax Sheltered Annuity Retirement Plan 403(b) that covers employees who meet certain eligibility requirements. The Agency is not required to contribute into the plan, but instead will pay employees a specified percentage of their wage for them to put into their 403(b) account or to use in any other way they choose.

NOTE 4 RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial coverage during the past three fiscal years.

The health care industry is subject to numerous laws and regulations of federal, state and local governments. Compliance with such laws and regulations can be subject to future government review and interpretations, as well as regulatory actions unknown or unasserted at this time. These laws and regulations include, but are not limited to, accreditation, licensure, and government health care program participation requirements, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in exclusion from government health care program participation, together with the imposition of significant fines and penalties, as well as significant repayment for past reimbursement for patient services received. While the Agency may become subject to similar regulatory review, management believes that the outcome of such regulatory review will not have a material adverse effect on the Agency's financial statements.

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 5 DISCLOSURES ABOUT CERTAIN CONCENTRATIONS

Cash

The Agency maintains cash in a bank that exceeds the maximum amount insured by the Federal Deposit Insurance Corporation. Total cash held by the bank was \$282,027 at June 30, 2014. Management believes the credit risk related to the uninsured balance is minimal.

Support and Revenue

The Agency is subject to a certain degree of vulnerability due to concentrations of revenue from major funding agencies. Revenue from these funding agencies represented the following percentages of total support and revenue for the years ended June 30:

	<u>2014</u>	<u>2013</u>
Iowa Department of Public Health	14%	15%
MBC of Iowa - Non-Medicaid	40%	39%

Accounts receivable includes \$55,165 and \$16,505 due from the Iowa Department of Public Health as of June 30, 2014 and 2013, respectively.

NOTE 6 COMMITMENT

The Agency is leasing office space under a noncancellable operating lease expiring in June 2015 and requires monthly payments of \$699.

Future minimum lease payment under this lease for the year ending June 30, 2015 is \$8,392.

The Agency is also leasing office space on a month to month basis.

Total rent expense for the years ended June 30, 2014 and 2013 was \$22,698 and \$21,710, respectively.

NOTE 7 SUBSEQUENT EVENTS

Management evaluated subsequent events through November 13, 2014, the date the financial statements were available to be issued. Events or transactions occurring after June 30, 2014, but prior to November 13, 2014, that provided additional evidence about conditions that existed at June 30, 2014, have been recognized in the financial statements for the year ended June 30, 2014. Events or transactions that provided evidence about conditions that did not exist at June 30, 2014, but arose before the financial statements were available to be issued, have not been recognized in the financial statements for the year ended June 30, 2014.

SUPPLEMENTARY INFORMATION

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
SCHEDULE OF REVENUE AND EXPENSES – IDPH CONTRACTS
YEAR ENDED JUNE 30 2014
(SEE INDEPENDENT AUDITORS' REPORT ON OTHER INFORMATION)**

	Comprehensive Substance Abuse Prevention 588-4-CP18	Youth Development 588-4-YM66	Tobacco Use Prevention and Control Community Partnerships 588-4-TS30	Access To Recovery
Revenue				
Iowa Department of Public Health	\$ 94,706	\$ 53,498	\$ 34,536	\$ 5,850
Expenses				
Salaries	53,887	31,778	16,878	1,631
Personnel Benefits	12,691	4,845	7,413	538
Supplies	7,130	1,750	3,290	5,118
Telephone	250	170	230	-
Internet Technology	1,153	125	607	-
Occupancy Costs	281	112	155	-
Travel	987	189	193	-
Equipment	2,300	-	-	-
Insurance	759	631	426	-
Contracted Services	-	6,809	631	-
Registrations and Training	492	195	875	-
Advertising	125	-	-	-
Depreciation	3,637	992	650	174
Total Expenses	<u>83,691</u>	<u>47,595</u>	<u>31,348</u>	<u>7,461</u>
Excess of Revenue over Expenses	11,015	5,903	3,188	(1,611)
Indirect Expense Allocation	<u>14,701</u>	<u>8,597</u>	<u>5,662</u>	<u>1,348</u>
Net	<u>\$ (3,685)</u>	<u>\$ (2,694)</u>	<u>\$ (2,474)</u>	<u>\$ (2,959)</u>



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Substance Abuse Treatment Unit
of Central Iowa
Marshalltown, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Substance Abuse Treatment Unit of Central Iowa (the Agency), which comprise the statement of financial position as of June 30, 2014, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Substance Abuse Treatment Unit of Central Iowa's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Agency's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Agency's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Agency's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Cedar Rapids, Iowa
November 13, 2014

**SUBSTANCE ABUSE TREATMENT UNIT
OF CENTRAL IOWA
SCHEDULE OF FINDINGS AND RESPONSES
YEAR ENDED JUNE 30, 2014**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Deficiencies identified that are not
considered to be material weaknesses? _____ Yes X None
Reported

Noncompliance material to financial statements noted? _____ Yes X No

SECTION II - FINANCIAL STATEMENT FINDINGS

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

INSTANCES OF NON-COMPLIANCE:

No reportable matters were noted.

SECTION III - OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING

No reportable matters were noted.